

**ACTIVE RE-ENTRY, INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

**ACTIVE RE-ENTRY, INC.**  
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UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Active Re-Entry, Inc.  
Price, Utah 84501

We have audited the accompanying statement of financial position of Active Re-Entry, Inc. (a nonprofit organization) as of June 30, 2006, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Active Re-Entry, Inc. as of June 30, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 15, 2006 on our consideration of Active Re-Entry, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

SMUIN, RICH & MARSING



Price, Utah

September 15, 2006

**ACTIVE RE-ENTRY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2006**

ASSETS

## CURRENT ASSETS:

Cash and cash equivalents	\$ 113,776
Grants and contracts receivable	74,498
Prepaid asset	15,000

Total current assets	\$ 203,274
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## FIXED ASSETS:

Land	\$ 43,000
Land Improvements	26,794
Building	1,042,727
Building Improvements	51,641
Automobiles	175,159
Furniture and equipment	10,690
Less: accumulated depreciation	(187,819)

Net fixed assets	\$ 1,162,192
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Total assets	\$ 1,365,466
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LIABILITIES AND NET ASSETS

## CURRENT LIABILITIES:

Accounts payable	\$ 1,800
Accrued liabilities	677
Compensated absences	7,530
Current portion of long-term debt	16,000

Total current liabilities	\$ 26,007
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## LONG-TERM LIABILITIES - Less current portion:

Note payable--CIB loan	\$ 332,000
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Total liabilities	\$ 358,007
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## NET ASSETS:

Unrestricted	\$ 860,508
Temporarily restricted	146,951

Total net assets	\$ 1,007,459
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Total liabilities and net assets	\$ 1,365,466
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"The accompanying notes are an integral part of these financial statements."

**ACTIVE RE-ENTRY, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
<b>SUPPORT AND REVENUE:</b>			
Support:			
Grant/contract support		\$ 597,402	\$ 597,402
Contributions	\$ 22,027		22,027
Total support	\$ 22,027	\$ 597,402	\$ 619,429
Revenue:			
Interest income	\$ 2,340		\$ 2,340
Total revenue	\$ 2,340	\$ ...	\$ 2,340
Total support and revenue	\$ 24,367	\$ 597,402	\$ 621,769
<b>EXPENSES:</b>			
Program services:			
Independent living skills		\$ 485,441	\$ 485,441
Critical needs		20,000	20,000
Rural independent living		15,069	15,069
CSBG/SSBG		3,019	3,019
CEU contract	\$ 5,259		5,259
KOMAN foundation		9,337	9,337
Service for people with disabilities and Title XIX		7,227	7,227
Ombudsman - Southeast and Uintah		18,655	18,655
USU Agrability		20,376	20,376
USU At supplies		145	145
USU At supplemental		48	48
Family caregiver support & training		5,000	5,000
Consumer services	36,719		36,719
Total expenses	\$ 41,978	\$ 584,317	\$ 626,295
Change in net assets	\$ (17,611)	\$ 13,085	\$ (4,526)
Net assets, July 1, 2005	878,119	133,866	1,011,985
Net assets, June 30, 2006	\$ 860,508	\$ 146,951	\$ 1,007,459

"The accompanying notes are an integral part of these financial statements."

**ACTIVE RE-ENTRY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	INDEPENDENT LIVING SKILLS	INDEPENDENT LIVING SKILLS	CRITICAL NEEDS	RURAL INDEPENDENT LIVING	CSBG/ SSBG
<b>FUNCTIONAL EXPENSES:</b>					
Payroll:					
Salaries and wages	\$ 69,954	\$ 168,750		\$ 1,523	
Employee benefits	22,144	73,341		557	
Total payroll	\$ 92,098	\$ 242,091	\$ ...	\$ 2,080	\$ ...
Other:					
Contract services					
Travel/Transportation	\$ 8,025	\$ 22,717		\$ 12,989	
Telephone	2,249	7,381			
Space costs	3,163	8,668			
Utilities	2,101	7,187			
Supplies	3,838	22,530			
Conferences and workshops	278	6,316			\$ 3,019
Postage	738	2,050			
Maintenance/Repairs	1,282	8,458	\$ 20,000		
Dues and publications	1,499	379			
Accounting and legal	919	4,671			
Printing	735	2,285			
Insurance	2,171	9,419			
Advertising		2,311			
Miscellaneous		303			
Total other expenses	\$ 26,998	\$ 104,675	\$ 20,000	\$ 12,989	\$ 3,019
Allocation of depreciation expense		\$ 19,579			
Total functional expenses	\$ 119,096	\$ 366,345	\$ 20,000	\$ 15,069	\$ 3,019

"The accompanying notes are an integral part of these financial statements."

ACTIVE RE-ENTRY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2006

	CEU SUN CENTER	KOMEN FOUNDATION	SERVICE FOR PEOPLE WITH DISABILITIES	OMBUDSMAN SOUTHEAST	OMBUDSMAN UINTAH
FUNCTIONAL EXPENSES:					
Payroll:					
Salaries and wages		\$ 8,231	\$ 4,356	\$ 5,770	\$ 7,210
Employee benefits		1,106	1,045	3,566	593
Total payroll	\$ ...	\$ 9,337	\$ 5,401	\$ 9,336	\$ 7,803
Other:					
Contract services					
Travel/Transportation			\$ 1,826	\$ 315	\$ 41
Telephone				157	8
Space costs					
Utilities					
Supplies					886
Conferences and workshops				14	
Postage					39
Maintenance/Repairs					
Dues and publications					
Accounting and legal					
Printing				56	
Insurance					
Advertising					
Miscellaneous					
Total other expenses	\$ ...	\$ ...	\$ 1,826	\$ 542	\$ 974
Allocation of depreciation expense	\$ 5,259				
Total functional expenses	\$ 5,259	\$ 9,337	\$ 7,227	\$ 9,878	\$ 8,777

"The accompanying notes are an integral part of these financial statements."

ACTIVE RE-ENTRY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2006

	USU AGRABILITY	USU-AT SUPPLIES	USU-AT SUPPLE.	FAMILY CAREGIVER SUPPORT	CONSUMER SERVICES	TOTAL PROGRAM EXPENDITURES
<b>FUNCTIONAL EXPENSES:</b>						
Payroll:						
Salaries and wages	\$ 8,532				\$ 4,490	\$ 278,816
Employee benefits	2,835				370	105,557
Total payroll	\$ 11,367	\$ ...	\$ ...	\$ ...	\$ 4,860	\$ 384,373
Other:						
Contract services	\$ 9,000				\$ 3,226	\$ 12,226
Travel/Transportation				\$ 122	64	46,099
Telephone						9,795
Space costs						11,831
Utilities						9,288
Supplies				605	30	27,889
Conferences and workshops				4,222	1,281	15,130
Postage					9	2,836
Maintenance/Repairs						29,740
Dues and publications				51		1,929
Accounting and legal						5,590
Printing						3,076
Insurance						11,590
Advertising						2,311
Miscellaneous					1,184	1,487
Total other expenses	\$ 9,000	\$ ...	\$ ...	\$ 5,000	\$ 5,794	\$ 190,817
Allocation of depreciation expense	\$ 9	\$ 145	\$ 48		\$ 26,065	\$ 51,105
Total functional expenses	\$ 20,376	\$ 145	\$ 48	\$ 5,000	\$ 36,719	\$ 626,295

"The accompanying notes are an integral part of these financial statements."



**ACTIVE RE-ENTRY, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets		
Adjustments to reconcile change in net assets		\$ (4,526)
to net cash provided by operating activities:		
Depreciation	\$ 51,105	
(Increase)/Decrease in accounts receivable	5,990	
Increase/(Decrease) in accounts payable	2,477	
Increase/(Decrease) in compensated absences	(98)	
	<hr/>	
Net cash provided by operating activities		59,474
Adjustments to reconcile change in net assets		
to net cash provided by investing activities:		
Prepaid expense	\$ (15,000)	
	<hr/>	
Net cash provided by investing activities		(15,000)
Adjustments to reconcile change in net assets		
to net cash provided by financing activities:		
Decrease in Note payable--CIB loan	\$ (16,000)	
	<hr/>	
Net cash used by financing activities		(16,000)
		<hr/>
Net increase (decrease) in cash and cash equivalents		\$ 23,948
Cash and cash equivalents - July 1, 2005		89,828
		<hr/>
Cash and cash equivalents - June 30, 2006		\$ 113,776
		<hr/>

The accompanying notes are an integral part of these financial statements."

**ACTIVE RE-ENTRY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE TWELVE MONTHS ENDED JUNE 30, 2006**

**1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF ACTIVITIES**

Active Re-Entry, Inc. was organized on June 10, 1988 as a nonprofit corporation. The purposes for which the Corporation was organized are as follows:

- A. To increase or maintain the ability of individuals with severe disabilities to function independently in their communities and homes.
- B. To contract with the State of Utah, or its agencies or any other body, for the funding and treatment of the clients, and for the administration of the programs and facilities established by the Corporation.
- C. To increase the level of community-based independent living services to individuals with severe handicaps located in the Eastern Utah Independent Living Rehabilitation District.

**CONTRIBUTED SERVICES**

During the year ending June 30, 2006, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

**ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires the Board to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**PROPERTY AND EQUIPMENT**

It is the Organization's policy to capitalize property and equipment over \$5,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Property and equipment are depreciated using the straight-line method.

1. **NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FINANCIAL STATEMENT PRESENTATION**

Active Re-Entry, Inc. prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. They are required to report information regarding its financial position and activities according to two classes of net assets: unrestricted net assets and temporarily restricted net assets.

**CONTRIBUTIONS**

Under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted or temporarily restricted support depending on the existence or nature of any donor restrictions.

**INCOME TAXES**

The Organization is a not-for-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Services as other than a private foundation.

**CASH AND CASH EQUIVALENTS**

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

2. **RESTRICTIONS ON NET ASSETS**

**UNRESTRICTED –**

The unrestricted net asset account pertains primarily to amounts that are not designated for specific purposes.

**TEMPORARILY RESTRICTED –**

The temporarily restricted net asset account pertains to federal, state and local grants that have been received by the Organization. The balance in the account primarily deals with equipment purchases made with federal and state funds that have not been fully depreciated.

3. **DEPOSITS**

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 113,776	\$ 168,140

#### 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

FIXED ASSETS, AT COST				
	Balance July 1, 2005	Additions	Adjustments and Retirements	Balance June 30, 2006
Land	\$ 43,000			\$ 43,000
Land Improve	26,794			26,794
Building	1,042,727			1,042,727
Building Improve	51,641			51,641
Automobiles	175,159			175,159
Furniture and equipment	10,690			10,690
<b>Total fixed assets</b>	<b>\$ 1,350,011</b>	<b>\$ ...</b>	<b>\$ ...</b>	<b>\$ 1,350,011</b>

ACCUMULATED DEPRECIATION				
	Balance July 1, 2005	Depreciation	Adjustments and Retirements	Balance June 30, 2006
Building	\$ 58,674	\$ 26,068		\$ 84,742
Building Improvements	10,021	3,773		13,794
Land Improvements	1,340	2,679		4,019
Automobiles	57,593	17,516		75,109
Furniture and equipment	9,086	1,069		10,155
<b>Total accumulated depreciation</b>	<b>\$ 136,714</b>	<b>\$ 51,105</b>	<b>\$ ...</b>	<b>\$ 187,819</b>

5. **NOTES PAYABLE**

Active Re-Entry's long-term debt consists of the following:

A note payable to Carbon County, who borrowed funds from the Community Impact Board for the construction of a building, was entered into in October, 2001 and finalized as of June 30, 2004. The original amount of the loan was \$400,000. The monthly payments are \$1,333.33. The payments cover a twenty-five (25) year period of time; the final payment is due September 2028. The note payable bears no interest.

	Balance June 30, 2005	Additions and Transfers	Payments and Reductions	Balance June 30, 2006
Carbon County/CIB	\$ 364,000		\$ (16,000)	\$ 348,000
	<u>\$ 364,000</u>	<u>\$ ...</u>	<u>\$ (16,000)</u>	<u>\$ 348,000</u>

Future scheduled maturities of long-term debt are as follows:

	Payment	Principal	Balance
			\$ 348,000
June 30, 2007	\$ 16,000	\$ 16,000	332,000
June 30, 2008	16,000	16,000	316,000
June 30, 2009	16,000	16,000	300,000
June 30, 2010	16,000	16,000	284,000
June 30, 2011	16,000	16,000	268,000
Thereafter	<u>268,000</u>	<u>268,000</u>	
	<u>\$ 348,000</u>	<u>\$ 348,000</u>	

6. **PENSION PLAN**

**State and School - Cost Sharing**

**Plan Description.** Active Re-Entry, Inc. contributes to the State and School Noncontributory Retirement System, cost sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provides refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issued a publicly available financial report that includes financial statements and required supplementary information for the State and School Contributory Retirement System and State and School Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

**Funding Policy.** In the State and School Noncontributory Retirement System, Active Re-Entry, Inc. is required to contribute 13.380% of its annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Active Re-Entry's contributions to the Noncontributory Retirement System for the years ending June 30, 2006, 2005, 2004 were \$32,061, \$28,930, and \$26,963 respectively. The contributions were equal to the required contributions for each year.

7. **COMPENSATED ABSENCES**

Compensated absences have been figured for Active Re-Entry, Inc. based on the following information. The actual liability for vacation was computed using the current pay rate per hour for each vacation hour. Only vacation days, up to two weeks, are paid upon termination. Because of this policy, this is the only amount recorded.

8. **FUNCTIONAL EXPENSE ALLOCATIONS**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

9. **CONCENTRATION OF RISK**

Active Re-Entry, Inc. has two accounts with Wells Fargo Bank. The total funds held in these accounts, at June 30, 2006 was \$162,615. Although there were two accounts, FDIC insurance will only cover \$100,000 on deposit.

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UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors  
Active Re-Entry, Inc.  
Price, Utah 84501

RE: Report on Compliance and on Internal  
Control Over Financial Reporting and  
Other Matters Based on an Audit of Financial  
Statements Performed in Accordance With  
Government Auditing Standards

We have audited the financial statements of Active Re-Entry, Inc. (a nonprofit organization) as of and for the year ended June 30, 2006, and have issued our report thereon dated September 15, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

## Compliance

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

SMUIN, RICH & MARSING

*Smuin, Rich & Marsing*

Price, Utah

September 15, 2006



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UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors  
Active Re-Entry, Inc.  
Price, Utah 84501

**RE: Auditor's Report on State Compliance  
for State Grants**

We have audited the financial statements of Active Re-Entry, Inc., (a non-profit organization), for the year ended June 30, 2006 and have issued our report thereon dated September 15, 2006. As part of our audit, we have audited Active Re-Entry's compliance with the requirements of the provider contract determined to be a major State assistance program as required by the State of Utah's Legal Compliance Audit guide for the year ended June 30, 2006. Active Re-Entry, Inc. received the following major State assistance program from the State of Utah:

**Centers for Independent Living (Department of Human Services)**

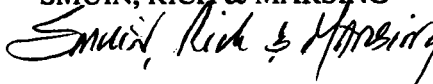
The management of Active Re-Entry, Inc. is responsible for its compliance with the compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, Active Re-Entry, Inc., complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to its major State assistance programs for the year ended June 30, 2006.

**SMUIN, RICH & MARSING**



Price, Utah

September 15, 2006